

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis

December 31, 2021

(Unaudited)

COMPLETED PROJECTS

The following is a summary of the Riverhead Industrial Development Agency's (Agency) projects closed or completed during the 2021 calendar year.

331 East Main Street, LLC

The Agency received an application for financial assistance from 331 East Main Street, LLC, a limited liability company, as Owner of the Project, and G2D Construction Corp. as Project builder, and G2D Properties Corp. as Facility Manager with respect to the elimination of two vacant buildings consisting of vacant retail space on the ground floor and three vacant residential apartments above located at 331 East Main Street, Riverhead with the construction, furnishing, and equipping of a building of approximately 37,385 square feet for the development of a 36 market-rate rental unit apartment community with amenities including approximately 838 square feet of ground floor commercial space and a parking garage at an estimated total project cost of \$13,143,850.

Public hearing was held in August 2020. The project was authorized in October and closed in 2021.

Atlantis Holding Company, LLC

The Agency received and authorized an application to extend a sales tax exemption agreement authorizing a tax exemption in the amount of \$299,478.

Island Water Park Corp

The Agency received an application for financial assistance from Island Water Park Corp, and Island Water Park Operations, LLC, a limited liability company organized and existing under the laws of the State of New York for assistance in connection with: (a) the acquisition of an approximately 46 acre parcel of land, the construction of an approximately 75,000 square foot building thereon and the acquisition and installation therein of certain equipment and personal property; and which Facility is to be used as an indoor/outdoor extreme water sports park for a total capital investment of \$25,000,000. A public hearing was held on September 14 and November 8th 2021. The Agency authorized the provision of financial assistance on November 8th, 2021.

The financial assistance approved for Island Water Park included: (i) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property in an amount not to exceed a total value of eligible goods and services in the amount of \$15,000,000 which will provide a maximum sales tax exemption not to exceed \$1,293,750 and (ii) a partial abatement of real property taxes by granting a real property tax abatement equal to the assessed value of the improvements, subject to completion of the improvements, and (iii) the provision of an abatement of Mortgage Recording Taxes, on all except that tax attributable to the Metropolitan Region Mortgage Transportation Tax (currently %.30) of the following mortgages, with respect to conventional Mortgages in the anticipated amount of \$15,000,000. A closing was held on December 31, 2021.

Lenape Associates/Drs Path Apartments

The Agency has received an application for financial assistance from Lenape Associates, LP, a limited partnership qualified to do business in the State of New York (the "Applicant"), with respect to a proposed improvements and renovations to the interior and exterior of the project, and make certain other improvements, at the existing residential subsidized rental housing facility. The complex currently consists of ten (10) buildings with forty (40) units of subsidized rentals in a garden apartment setting on approximately 20.6 acres. With the assistance of the Agency, the apartments will be kept affordable to 100% of the residents. Project cost is estimated to be \$165,000. A Public Hearing was held on December 6th, 2021. A resolution approving the financial assistance occurred on December 14th, 2021.

Financial assistance approved by the Agency included: an extension of benefits provided under an Original PILOT Agreement for a period of two (2) years from December 31, 2021 to December 31, 2023.

A closing was held on December 31, 2021.

205 Osborne Avenue, LLC

The Agency has received an application for financial assistance from 205 Osborn Ave, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, with respect to a proposed development located within a Railroad Avenue Urban Renewal Overlay District to demolish an existing approximately 13,000 square foot vacant building and construct an approximately 41,867 square foot building on approximately 0.48 acres of land. The facility will include a 37-unit apartment building comprised of highly-amenitized, market-rate, rental units. The ground floor of the facility will include a Worksmart Coworking Space Project cost is estimated to be \$19,593,827.00. A Public Hearing was held in December 2021. Final authorization was not considered by year end.

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CLOSED PROCEEDING/WITHDRAWN PROJECT

The Agency received a request by Peconic Bay Medical Center formerly Central Suffolk Hospital to redeem their existing bonds. On November 8th, 2021 the Agency authorized the redemption of the Issuer's \$12,000,000 Variable Rate Demand Civic Facility Revenue Bonds 2006 and the termination and discharge of all the Issuer's documents and agreements with respect to the facility, and approved the execution of documents necessary for early termination of the transaction. This transaction did not close in 2021.

REFINANCES/BOND MODIFICATIONS

During 2021, the following projects were refinanced or had bond modifications.

- Proceedings were held and authorized for John Wesley Village LP to refinance in the amount of \$12,000,000. The refinance did not take place in 2021.
- Proceedings were held to authorize a loan modification for Georgica Green to permit a loan in the amount of \$500,000.00 from Suffolk County for Acquisition, a Loan from Suffolk County for Infrastructure in the amount of \$2,500,000.00, a loan from Suffolk County for Suffolk County Sewer Subsidy in the amount of \$500,000.00 and an ESD RESTORE NY loan in the amount of \$250,000.

THE AGENCY MARKETING

The Agency works closely with local economic development organizations, such as the Town of Riverhead Community Development Agency, the Riverhead Chamber of Commerce, Suffolk County Economic Development and Empire State Development agencies to market the Town of Riverhead as a business location. Cooperative meetings are arranged to provide incentive proposals to potential companies.

The Agency also works closely with regional and national economic development organizations and municipal economic development departments on Long Island, LIBDC (Long Island Business Development Council) and the Long Island Association (LIA). The Agency participates in the LIA's IDA Long Island Coalition to boost the cooperative efforts and marketing of the region.

Memberships to the New York State Economic Development Council and the International Economic Development Council not only provide exposure, but are resources for leads and networking. The Agency coordinates regularly with the Suffolk County IDA's to corroborate on improving regulatory compliance as well as cooperative marketing ideas.

Efforts however continue to be disrupted as New York continued into a State of Emergency limiting operations through 2021. Due to the pandemic, which continued to hamper operations through the remainder of the year, normal marketing operations were refocused to small business assistance offered through the state and federal government through the use of electronic media and virtual formats. Agency meetings continued to be virtual as did as most conferences and seminars.

GENERAL BUSINESS ASSISTANCE

The Agency fields calls from real estate brokers, attorneys, and companies interested in establishing a presence in the Town of Riverhead who are seeking direction as to location, permitting processes and information regarding benefits and incentives. This year the Agency continued to increase its active role in town planning and zoning to encourage business growth through increased coordinated efforts interdepartmentally. The Agency worked closely with the Town of Riverhead Community Development Agency in planning a Transit Oriented Development Overlay District in addition to contributing financially to necessary studies. The cooperative effort ultimately resulted in the development of a Request for Proposals and the designation of a proposed developer for the TOD improvements.

The Agency Executive Director participates on the CTEA (Career & Technical Education Act 2009) Local Advisory Council for Suffolk County Community College to assist with the grant planning process toward workforce development efforts, participates on the Business Advisory Committee for the local municipality and has the experience and knowledge to handle inquiries for assistance programs offered outside those of the Agency; providing a one stop service for businesses.

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The Agency administers the Suffolk County/Town of Riverhead SC/TOR Empire Zone Program. The Empire Zone Program is a New York State Tax Credit program that has goals consistent with that of the Industrial Development Agency in regard to business attraction, expansion and retention. Although the program has sunset to new certifications, continued service to the zone certified entities and reporting is mandated by the State of New York for the life of the certified entity's benefit period. The SC/TOR Zone currently services 9 businesses. The Agency receives an annual fee for the administration of the zone. The financial contract ended in 2020 and the businesses self-reported in 2021 ending the program administration.

In March of 2020, the World Health Organization declared a public health emergency of international concern and a pandemic. New York's State of Emergency continued in 2021. Actions taken around the world to help mitigate the spread of the coronavirus outbreak included restrictions on travel and business forcing closures. The coronavirus virus and the actions taken in New York State to mitigate the effects have had and are expected to continue to have an adverse effect on the economies, financial markets and development across the globe. The pandemic forced the Agency to shift resources to assist businesses with keeping up on the latest and interim guidance for businesses. The Agency acted as a resource for very fluid government regulations, as well as a resource to state and federal grants and assistance made available due to the State of Emergency. As a result the Agency continued to experience a retraction of interest and anticipated investment. While it is unknown how long these conditions will continue and what the complete financial effect will be to the Agency, the Agency is expecting this matter to negatively impact its revenues.

This financial report is designed to provide a general overview of the Agency finances. If you have any questions about this report or need additional information, contact the following:

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